

subsidy payments each month. ACS also administers approximately \$42 million in monthly payments to not-for-profit foster care agencies.

Since 1998, DUNCAN has served as the Deputy Director of the Payment Services Department of ACS. In that capacity, DUNCAN has had the power to authorize ACS payments for services to, among others, not-for-profit foster care agencies and their independent contractors.

During the same time period, OSARENKHOE served as the Supervisor of Adoptions within ACS's Payment Services Department. In that capacity, OSARENKHOE was responsible for financial reporting of adoption subsidy payments. OSARENKHOE also served as a member of ACS's Quality Assurance Unit. As a result of these positions, OSARENKHOE had access to and knowledge of the ACS computer systems involved in the processing of adoption subsidy payments.

Concord Family Services, Inc.

Concord is a not-for-profit foster care agency that has been paid by ACS since 1990 to provide foster care services to needy children in New York City. Between 2005 and 2008, Concord has had three contracts with ACS to provide foster care services, resulting in more than \$28 million in payments from ACS to Concord. Since 2004, THOMPSON has been the Fiscal Director at Concord. During the same time period, GORRICK has controlled Contemporary Technologies Co. ("Contemporary Technologies"), a company that provides computer services to Concord as an independent contractor. GORRICK currently maintains office space for Contemporary Technologies at Concord.

The Embezzlement Schemes

Adoption Subsidy Scheme

Since 2005, OSARENKHOE has used his position at ACS to authorize adoption subsidy payments to be made to co-conspirators posing as adoptive parents who in fact did not adopt any children (the "Adoption Subsidy Scheme"). An adoption subsidy is a monthly payment mandated by New York State law to be made for the care, maintenance, and medical needs of a child who fits the definition of handicapped or hard-to-place. OSARENKHOE told DUNCAN that all he needed was a name in order to make unauthorized payments. DUNCAN provided THOMPSON's name, and from the fall of 2004 through 2007, OSARENKHOE fraudulently caused approximately \$79,000 in adoption subsidy payments to be mailed to THOMPSON, who shared them with OSARENKHOE and DUNCAN.

In June 2008, using his position at ACS, OSARENKHOE sent another unauthorized adoption subsidy payment to THOMPSON. OSARENKHOE was arrested earlier today after he received a cash kickback in ACS's offices in New York, New York, of a portion of this adoption subsidy payment. The payment was made by DUNCAN, who was acting at DOI's direction.

Fictitious Services Scheme

In 2005, GORRICK and THOMPSON agreed that GORRICK would submit a fictitious request for payment to ACS for \$375,000 in computer services. DUNCAN arranged for ACS to make the payment, and GORRICK, THOMPSON, and DUNCAN shared the stolen money. GORRICK used proceeds to pay for, among other things: a 2006 BMW 750 LI sedan; a 2006 Range Rover; and at least \$30,000 in rental payments for a New York City apartment in a doorman building with a private garage.

In April 2008, GORRICK, again working with THOMPSON, submitted a fictitious invoice to ACS for \$711,420.25 in computer supplies which were never provided to ACS. GORRICK and THOMPSON were arrested last night after they received an ACS check for the \$711,420.25 from DUNCAN, who was acting at DOI's direction.

The Charges

DUNCAN is charged with conspiracy to commit mail fraud, mail fraud, conspiracy to commit embezzlement, embezzlement, money laundering, and accepting illegal gratuities. DUNCAN faces a maximum sentence of 75 years in prison on these charges. He also faces a maximum fine on each charge of the greater of \$250,000 or twice the gross gain or loss from the offense.

The Complaint charges OSARENKHOE with mail fraud conspiracy. If convicted, OSARENKHOE faces a maximum sentence of 20 years in prison, as well as a maximum fine of the greater of \$250,000 or twice the gross gain or loss from the offense.

The Complaint charges THOMPSON with mail fraud conspiracy, embezzlement conspiracy and money laundering. If convicted, she faces a maximum sentence of 20 years in prison on the mail fraud conspiracy charge, 5 years in prison on the embezzlement conspiracy charge, and 10 years in prison on the money laundering charge. She also faces a maximum fine on each charge of the greater of \$250,000 or twice the gross gain or loss from the offense.

The Complaint charges GORRICK with embezzlement conspiracy. If convicted, GORRICK faces a maximum sentence of 5 years in prison and a maximum fine of the greater of \$250,000 or twice the gross gain or loss from the offense.

Mr. GARCIA praised the outstanding investigative work of the New York City Department of Investigation.

The prosecution is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys DANIEL STEIN and WILLIAM HARRINGTON are in charge of the prosecution.

The charges contained in the Information and Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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